

# EXHIBIT E

ABBEY LANE QUILTS, LLC

VS

OWEN

COURT HEARING

February 12, 2018



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<p>1 A Yes.</p> <p>2 Q Okay. And that was ostensibly because you</p> <p>3 claim that somebody at the State of California said</p> <p>4 you needed it for a tax -- or business tax license</p> <p>5 for the State of California, correct?</p> <p>6 A Yes. They suggested we get one to make it</p> <p>7 easier for them.</p> <p>8 Q Okay. And you hadn't needed one the prior</p> <p>9 three years that you'd been (inaudible) California,</p> <p>10 correct?</p> <p>11 A They were able to pull whatever information</p> <p>12 they needed, but this year there was no information.</p> <p>13 Q And so then you went to the website and you</p> <p>14 entered the information for Abbey Lane Quilts on</p> <p>15 their website, correct?</p> <p>16 A What website?</p> <p>17 Q The California taxing authority's website</p> <p>18 when you got your temporary tax license.</p> <p>19 A Yes.</p> <p>20 Q You went on the website to do it, right?</p> <p>21 A Yes.</p> <p>22 Q And the website has a series of fill-ins</p> <p>23 where you put the name of the company, the address,</p> <p>24 things like that, and then you get to a drop-down</p> <p>25 where it asks you to put your business entity in the</p>	<p>1 drop-down, does it not? What type of business entity</p> <p>2 you are.</p> <p>3 A Okay.</p> <p>4 Q Do you remember this?</p> <p>5 A Well, I remember going -- they were walking</p> <p>6 me through it.</p> <p>7 Q Maybe this will help you recall.</p> <p>8 A I would assume that.</p> <p>9 Q Ma'am, I've handed you what's been marked</p> <p>10 as Exhibit 5 -- or Defendants' Exhibit 5 for</p> <p>11 identification. Does that look like the website that</p> <p>12 you went to to enter the Abbey Lane Quilts</p> <p>13 information for the California Department of Tax and</p> <p>14 Fee Administration?</p> <p>15 A I suppose so.</p> <p>16 Q Okay. It doesn't look familiar to you?</p> <p>17 A It was a long time ago.</p> <p>18 Q Okay.</p> <p>19 A I look at a lot of pages on the Internet.</p> <p>20 Q Okay. Well --</p> <p>21 A So I assume it was.</p> <p>22 Q Does that not have a drop-down that has a</p> <p>23 different type of business entities, such as</p> <p>24 corporations, estate --</p> <p>25 MR. RUDD: Your Honor, I'm just going to</p>
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<p>110</p> <p>1 it's ever been created, so all the patterns and 2 everything that's been done before then was all Abbey 3 Lane Quilts, correct, in your testimony?</p> <p>4 A Yes.</p> <p>5 Q Okay. Because there's no way Abbey Lane 6 Quilts, LLC could have created anything before it was 7 even in existence, right?</p> <p>8 A Right.</p> <p>9 Q Okay. Now, you also claim that Abbey Lane 10 Quilts never wrote a check or gave any money to Lone 11 Star Promotions; is that correct?</p> <p>12 A Yes.</p> <p>13 Q Okay. You were aware of Lone Star 14 Promotions, though, right?</p> <p>15 A Marcea had told me about Lone Star.</p> <p>16 Q Okay. She told you about that back in 17 2008, correct?</p> <p>18 A Right. She told me it was a bogus company 19 that she was using to write off her camera equipment 20 when she took pictures for Abbey Lane.</p> <p>21 Q Okay.</p> <p>22 A Had nothing to do with Abbey Lane.</p> <p>23 Q Okay. Well, she didn't tell you that that 24 is how -- and you created a company called "Quilted 25 Stitch By Stitch," correct?</p>	<p>111</p> <p>1 A I had started that, but once we started 2 Abbey Lane, I didn't do anything with it. It was a 3 company that was for quilting.</p> <p>4 Q Okay. And you never did anything with it?</p> <p>5 A No.</p> <p>6 Q But you renewed your business license up 7 until 2012, didn't you?</p> <p>8 A I don't remember whether I did. If you say 9 I did, I did. I never had a -- I never sold anything 10 to it. I never ran any money through it.</p> <p>11 THE COURT: What is it?</p> <p>12 MR. FARRELL: It's from Oviedo -- City of 13 Oviedo tax receipt. It shows that -- one through 14 2012 and then they declared it inactive in 2016.</p> <p>15 Q Ma'am, I've handed you what's been marked 16 as Defendants' Number 6, and that's from the Oviedo 17 Tax Department --</p> <p>18 A Okay.</p> <p>19 Q -- for Quilted Stitch By Stitch.</p> <p>20 A Okay.</p> <p>21 Q Does that indicate that you had a business 22 license through two thousand -- or renewed the 23 business license through 2012?</p> <p>24 A I -- it looks like I did renew a business 25 license.</p>
<p>112</p> <p>1 Q Okay. And so you actually did have that 2 business through 2012, correct?</p> <p>3 A I had a business license.</p> <p>4 Q Okay. And when you and Ms. Owen began 5 Abbey Lane Quilts, the division of labor was going to 6 be that Ms. Owen would do creative, and then you 7 would do quilting and back office, and Ms. Owen would 8 be doing the designs, preparing technical directions, 9 things like that, correct?</p> <p>10 A Not quite in that manner, no.</p> <p>11 Q But there would be a separation of who did 12 what, correct?</p> <p>13 A There was input on most everything from 14 both of us.</p> <p>15 Q Okay.</p> <p>16 A It wasn't, "You do this and I do that and 17 there's no" --</p> <p>18 Q So it's your claim that you designed all 19 the patterns?</p> <p>20 A No, I did not design all the patterns.</p> <p>21 Q How many patterns did you design?</p> <p>22 A By myself, I don't think I designed any.</p> <p>23 Q Okay.</p> <p>24 A On the other hand, without -- Marcea, 25 without my input, did not design any by herself.</p>	<p>113</p> <p>1 Q Okay. Now, you claim -- getting back to my 2 other question I started into, you claim that Abbey 3 Lane Quilts never gave any money to Lone Star; is 4 that correct?</p> <p>5 A Not that I'm aware of.</p> <p>6 Q Okay. You received all the checkbooks 7 back, though, right, after checks were written?</p> <p>8 A Yes.</p> <p>9 Q Ma'am, I'm handing you what's been marked 10 as Defendants' Composite Exhibit No. 7. What is that 11 document?</p> <p>12 A It looks to be copies of some checks.</p> <p>13 Q Okay. What does it say in the memo line?</p> <p>14 A "Lone Star."</p> <p>15 Q Okay. Was that a check from Abbey Lane 16 Quilts?</p> <p>17 A It was a check to Marcea Owen.</p> <p>18 Q Okay. And -- but it has "Lone Star" in the 19 memo line, does it not, ma'am?</p> <p>20 A It does, but once she cashes that check, I 21 don't know what she does with it.</p> <p>22 Q Okay. But she was -- Lone Star was an LLC 23 that she operated, correct?</p> <p>24 A Yes.</p> <p>25 Q Okay. And the amount --</p>

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134	<p>1 about it.</p> <p>2 Q Because you didn't talk to her?</p> <p>3 A I don't recall her talking to me, either.</p> <p>4 Q You knew that if Abbey Lane Quilts did not go to Market in May of 2017, that that would look bad on Abbey Lane Quilts, would it not?</p> <p>5 A Not necessarily. There's always emergencies into why people have to cancel their shows.</p> <p>6 Q Okay.</p> <p>7 A It is not unheard of.</p> <p>8 Q But it doesn't look good, does it?</p> <p>9 A If it's an emergency or if it's something out of the control, it doesn't matter.</p> <p>10 Q And then Ms. Owen shows up by herself. When -- does she have to leave the booth alone when she goes to the restroom?</p> <p>11 A We've always taken someone with us.</p> <p>12 MR. RUDD: Your Honor, I'm sorry.</p> <p>13 (Inaudible) we're talking about the witness using the restroom.</p> <p>14 THE COURT: Yeah. I think we've beat this to death, Mr. Farrell. I've heard -- we've been down this road two or three times. Let's get on to something else. Can we?</p>	135	<p>1 MR. FARRELL: Okay.</p> <p>2 Q All right. Now, Abbey Lane Quilts, LLC --</p> <p>3 I believe it's your position that Abbey Lane Quilts converted from a partnership into an LLC in December of 2017. Is that your position?</p> <p>4 A I know I filed the papers for an LLC, yes.</p> <p>5 Q But other than filing these articles of incorporation on December 21st of 2016, you did not do anything in furtherance of this LLC, did you?</p> <p>6 A No, I did not.</p> <p>7 Q Okay. There's no purchase agreement between Abbey Lane Quilts and Abbey Lane, LLC, wherein Abbey Lane Quilts, LLC buys the assets of Abbey Lane Quilts, is there?</p> <p>8 A No.</p> <p>9 Q Okay. There's no purchase agreement from Abbey Lane Quilts, LLC purchasing the partnership assets or the partnership of Marcea Owen, is there?</p> <p>10 A No.</p> <p>11 Q Okay. There's no written agreement between Abbey Lane Quilts whatsoever and Abbey Lane Quilts, LLC, is there?</p> <p>12 A No.</p> <p>13 Q Okay. There's no tender of any monies from Abbey Lane Quilts, LLC to Abbey Lane Quilts, is</p>
136	<p>1 there?</p> <p>2 A No.</p> <p>3 Q Okay. There was never any agreement by</p> <p>4 Abbey Lane Quilts, LLC to undertake the liabilities</p> <p>5 of Abbey Lane Quilts, is there?</p> <p>6 A No.</p> <p>7 Q By the way, when Abbey Lane Quilts, LLC</p> <p>8 came up for renewal in May of 2017, you didn't even</p> <p>9 file that, did you?</p> <p>10 A At the time, I was blocked out of</p> <p>11 everything.</p> <p>12 Q Okay. You weren't blocked out of the State</p> <p>13 of Florida website, were you, ma'am?</p> <p>14 A No.</p> <p>15 Q Okay. But -- so you didn't file that, did</p> <p>16 you?</p> <p>17 A No. I was not doing anything with Abbey</p> <p>18 Lane Quilts at the time.</p> <p>19 Q Okay. You don't have any written agreement</p> <p>20 with Ms. Owen regarding the formation of Abbey Lane</p> <p>21 Quilts, LLC, do you?</p> <p>22 A No. I think we've already gone over this.</p> <p>23 Q You have no written plan of conversion of</p> <p>24 Abbey Lane Quilts to Abbey Lane Quilts, LLC; is that</p> <p>25 correct?</p>	137	<p>1 A Yes.</p> <p>2 Q You have no written plan that includes the</p> <p>3 name and form of the company of Abbey Lane Quilts</p> <p>4 before the conversion to an LLC, do you?</p> <p>5 MR. RUDD: Can you ask that again? I'm</p> <p>6 sorry.</p> <p>7 Q (BY MR. FARRELL) There is no written plan</p> <p>8 which includes the name and form of the company of</p> <p>9 Abbey Lane Quilts before the conversion to Abbey Lane</p> <p>10 Quilts, LLC, do you?</p> <p>11 A There is nothing, no.</p> <p>12 Q No written plans whatsoever, right?</p> <p>13 A Right.</p> <p>14 Q Okay. No written plan or documents that</p> <p>15 establishes the terms and conditions of the</p> <p>16 conversion of Abbey Lane Quilts partnership to Abbey</p> <p>17 Lane Quilts, LLC?</p> <p>18 A Yes.</p> <p>19 Q You never filed a certificate of conversion</p> <p>20 with the State of Florida, did you?</p> <p>21 A No.</p> <p>22 Q You never changed the identity of Abbey</p> <p>23 Lane Quilts to Abbey Lane Quilts, LLC with any of the</p> <p>24 vendors or distributors, did you?</p> <p>25 A No. They were the same thing.</p>

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<p>1     Q   There was never any written agreement that  2   Abbey Lane Quilts, LLC would succeed Abbey Lane  3   Quilts, is there?  4     A   No.  5     Q   And, really, the only reason you did the  6   formation of the LLC was because you thought  7   California required this for the registration to the  8   Road To California, right?  9     A   Yes.  10    Q   Okay. It was for no other purpose, right?  11    A   Yes.  12    Q   Okay. Now, as far as when you all would  13  create quilting patterns, you'd agree that sometimes  14  the quilting patterns, you would allow members of the  15  public, friends, people at the quilt- -- local  16  quilting stores to look at the patterns before they  17  were in their final form, would you not?  18    A   It was more like a focus group, yes, to get  19  their opinions on.  20    Q   Okay. But these were people that were  21  outside of Abbey Lane Quilts, right?  22    A   A very small circle.  23    Q   Okay. Were they ever given any type of  24  confidentiality agreements?  25    A   No. I think it was understood that these </p>	138	<p>1    were not in their final form.  2     Q   Okay.  3     A   And that we were going to introduce them as  4   new patterns.  5     Q   Okay. Did vendors ever complain to either  6   you or Ms. Owen regarding checks not being deposited  7   in a timely manner?  8     A   Yes. There was one instance.  9     Q   Okay. Was there also an instance where a  10   vendor complained that they had \$12,000 worth of  11  payables, but they never received an invoice from --  12    MR. RUDD: Your Honor, I'm going to object  13  on a relevance standard. I can't see how this is  14  applicable to a Rule 65(a) preliminary injunction,  15  but I guess counsel can respond.  16    THE COURT: Go ahead.  17    MR. FARRELL: It is relevant, Judge, in the  18  fact that we're talking -- there's -- we've got the  19  LLC. That -- I think that's -- that's a red herring.  20  But the -- as far as the good name of the company,  21  the fact that Ms. Owen -- or Ms. Liljenquist is  22  allowing payables and allowing these vendors to think  23  that there's poor bookkeeping really tarnishes the  24  good name of Abbey Lane Quilts, and to require  25  Ms. Owen to go back into business with </p>	139
<p>140</p> <p>1   Ms. Liljenquist when she can't do these rudimentary  2  bookkeeping operations really is the harm that's  3  going to incur to Ms. Owen.  4     THE COURT: You know, I -- I mean, I  5  understand the argument, but I just feel like we're  6  getting so far afield. We're not here to try the  7  case, although I feel like we have. I mean, this is  8  a preliminary injunction. You asked for a half a  9  day. I have a feeling we're not even close to  10  finishing.  11    MR. FARRELL: Well, Judge, I mean, the --  12    THE COURT: I just feel like we need to  13  focus on one issue, and that's the issue of the  14  preliminary injunction. I'm not here to -- I'm not  15  the trier of fact. I'm not going to make a ruling on  16  the bottom line here, but I just feel like we are  17  just drifting so far afield.  18    MR. FARRELL: I understand, Judge, but part  19  of the harm -- because the -- in the four elements  20  here, we -- they've got to address irreparable harm.  21  I don't think they have. But I also do need to  22  address the other three elements of this, one of  23  which is what is the harm that would harm my client,  24  and this would harm my client if the Court were to  25  grant the injunction. </p>	140	<p>141</p> <p>1     THE COURT: I just -- I don't see it. I  2  really don't. So I'm going to sustain the objection  3  at this point.  4     MR. FARRELL: Okay.  5     Q   When Ms. Owen had told some of the vendors  6  to have the checks delivered to her business address  7  here in North Ogden, that wouldn't have prevented  8  Abbey Lane Quilts from continuing to operate, would  9  it, ma'am?  10    A   Operating as it usually would, yes, it  11  would, but no.  12    Q   Because Ms. Owen was equally capable of  13  depositing checks, sending invoices, that type of  14  thing, correct?  15    A   Right. It made me nervous because of her  16  financial situation and how she continually took  17  money out without my authorization.  18    Q   Okay. Well, the only claim they -- of  19  money that you claim she took was \$3,000 in early  20  2016 and \$1,000. She paid back the \$3,000, right?  21    A   Yes.  22    Q   And the \$1,000, you claim she didn't pay it  23  back, but you ultimately recaptured it at the end of  24  the year?  25    A   Right. </p>	141

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<p>210</p> <p>1 telling me something different, which makes the case 2 very difficult, not just for the preliminary 3 injunction but for the trial. It would have been so 4 much easier had they sat down with a lawyer and 5 drafted some kind of written agreement here, but it 6 didn't happen, so -- and there's a lot of finger 7 pointing between the two sides. You know, "You took 8 money from the company without authorization." 9 "Well, so did you," and back and forth. And, again, 10 that's all for trial. I don't know that that has 11 really much bearing on a preliminary injunction.</p> <p>12 But as I read it -- and, again, I agree 13 with Mr. Rudd. The purpose of Rule 65 is to preserve 14 the status quo. I think that was right on the money. 15 And that's how I read Rule 65, is that we're trying 16 to freeze the assets. We're trying to keep things 17 the way they were until we get to trial and resolve 18 this case, and so, for that reason, I'm going to 19 grant the preliminary injunction for the plaintiff.</p> <p>20 Without going through all of the evidence, 21 I'll find that the plaintiffs have met the four 22 requirements that we have under Rule 65.</p> <p>23 Now, as far as the relief, again, I'll 24 grant your request for relief, Mr. Rudd. The only 25 one I had any question about is number 6, that the</p>	<p>211</p> <p>1 decisions that are made have to be unanimous. I 2 don't know -- is that going to be possible with these 3 two?</p> <p>4 MR. RUDD: Well, I think the request, your 5 Honor, is just as a -- if it deviates from the 6 general business that they've had for the last ten 7 years, so if they want to go and sell cars -- they've 8 been selling quilts -- that requires a unanimous 9 decision.</p> <p>10 THE COURT: Okay. But I'm just afraid 11 you're never going to get these two to agree on 12 anything, after listening to today, but -- all right. 13 I mean, I'll -- I'll grant the relief the way you're 14 requesting it, but I just -- I have some question as 15 to whether that will ever succeed, so --</p> <p>16 Now, Mr. Rudd, will you go ahead and 17 prepare the order --</p> <p>18 MR. RUDD: I will.</p> <p>19 THE COURT: -- and submit that to 20 Mr. Farrell? So --</p> <p>21 MR. FARRELL: I mean, I -- Judge, I just -- 22 I mean, I need to clarify here. Now, is the Court 23 requiring Ms. Owen to work with Ms. Liljenquist?</p> <p>24 THE WITNESS: Well, that's what I'm saying. 25 That's my only hesitation. The idea is to put the</p>
<p>212</p> <p>1 business back where it is. As a practical matter, I 2 don't know that they're capable of working together, 3 so --</p> <p>4 MR. FARRELL: Well, I mean, we could put 5 the business back to where it was at the end of April 6 of 2017, which was zero money and zero credit cards, 7 and then we can work on the dissolution of the 8 company regarding the various assets. That's -- 9 that's my concern with this injunction, is that 10 Ms. Liljenquist hasn't worked with this company in 11 ten months. Ms. Owen has been working with a 12 different company.</p> <p>13 THE COURT: Right.</p> <p>14 MR. FARRELL: And I understand the Court's 15 concern. She can change the name of this new company 16 to something that does not -- is not close to Abbey 17 Lane and use a different name, but what I want to 18 know is, is Ms. Owen going to be forced to work with 19 Ms. Liljenquist in this company that has no money?</p> <p>20 THE COURT: Okay.</p> <p>21 MR. RUDD: Your Honor, we are -- she 22 would -- let me clarify a little bit.</p> <p>23 THE COURT: Okay.</p> <p>24 MR. RUDD: If the Court would like to -- 25 and maybe, you know, this is where the Court weighs</p>	<p>213</p> <p>1 the credibility of the parties, right? I mean, 2 that's what the Court is really doing today. If the 3 Court would like and they want to put more 4 decision-making authority with Ms. Liljenquist since 5 for ten years she's handled the books, we can put 6 some parameters in there that any revenue over 7 \$20,000 will be -- you know, can be distributed, but, 8 you know, they're not forced to be in the same room 9 together. They're not forced to work together. This 10 certainly isn't indentured servitude. As you heard, 11 these patterns have five-year lives and things. I 12 mean, revenue is going to be coming in. As long as 13 the defendant would be receiving her 50 percent share 14 through the pendency of this action, then I don't 15 think she'd be harmed when we're looking at the 16 status quo.</p> <p>17 I understand the Court's concern about, you 18 know, unanimous decision. I would welcome if the 19 Court would want Ms. Liljenquist and give 20 Ms. Liljenquist some specific parameters that, you 21 know, she's to make sure her decisions are in the 22 best interests of Abbey Lane. She needs to take 23 Ms. Owen's, you know, ownership interest into 24 consideration. But there's been no pattern that she 25 hasn't done that.</p>

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1        THE COURT: Well, my impression is what 2 you -- what you really want is that everything go 3 back into the original company, right? 4        MR. RUDD: Correct. Status quo. 5        THE COURT: And that I've granted. But 6 what I'm hesitating to do is asking them to work 7 together. It's not going to work. Neither one of 8 them want to work with each other. They've made that 9 very clear. So I'm trying to figure out, how do we 10 do this? I'm obviously going to keep the preliminary 11 injunction in place -- 12        MR. RUDD: Okay. 13        THE COURT: -- and so there's no selling, 14 there's no drawing money down, there's no -- without 15 approval from both sides -- 16        MR. RUDD: Okay. 17        THE COURT: -- so there's nothing going on 18 behind the scenes, so I don't know how you want to 19 word that, but -- 20        MR. FARRELL: And I think the other 21 question I have is how does -- how does this company 22 operate when we've got six years of back -- back 23 business taxes that need to be paid? 24        THE COURT: Again, that's an issue for 25 another day.	214	1        MR. RUDD: Correct. 2        THE COURT: I don't think that has any 3 bearing on the -- I understand the concern, but I 4 don't think it's an issue that interferes with the 5 preliminary injunction. What I -- what I got out of 6 all of this is we want to go back to square one when 7 the business was in place, decisions were being made 8 by both of them together, as far as who they're 9 selling to, how much they're drawing. That's the 10 idea, so -- I mean, if you need a third party to make 11 the decision -- if -- you know, if Ms. Owen wants to 12 talk to you and you talk to Mr. Rudd, that's fine. 13 You know, I don't know that they have to communicate 14 with each other. Maybe they want to do it through 15 the attorneys rather than -- 16        MR. FARRELL: But -- and the other aspect 17 of this is that -- I mean, where is the line drawn? 18 Is it pre-April 2nd of 2017 or is -- are we going 19 back to everything that Ms. Owen has done for the 20 last ten months goes to Ms. Liljenquist? 21        MR. RUDD: It doesn't go to 22 Ms. Liljenquist, but it goes to the entity, because 23 at the end of the day, your Honor, the entity can 24 still be divided, it can be split, it can be sold, 25 there can be settlements, as long as the entity	215
216 1 controls, and I think the weight of the evidence is 2 that the entity is property. 3        THE COURT: Yeah. I -- go ahead and 4 prepare the order. 5        MR. RUDD: Thank you, your Honor. 6        THE COURT: I'll grant the relief and, you 7 know, you'll just have to do what you can do. 8        MR. RUDD: Thank you. 9        THE COURT: Okay? All right. All right. 10 We've got all the exhibits here? 11        THE CLERK: I believe so, your Honor. 12        THE COURT: All right. 13        MR. RUDD: Thank you, your Honor. 14        THE COURT: All right. Thank you. 15 (Record closed and reopened.) 16        MR. FARRELL: ...pay Ms. Owen all the debts 17 that Ms. Owen has incurred to run -- 18        THE COURT: Again -- 19        MR. FARRELL: -- to Abbey Lane? 20        THE COURT: -- I think that's for another 21 day. That -- that's not what today is all about. 22 Today is about granting a preliminary injunction. 23 You can deal with all the details in the course of 24 discovery and motions and everything else, so -- I'm 25 not here today to decide that issue. Okay?	216	1        MR. RUDD: Thank you, your Honor. 2        THE COURT: All right. 3 (Record closed at 5:59 p.m.) 4 * * * * 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25	217